Listing of Claims:

1–83. (Canceled)

84. (New) A drilling apparatus for drilling a deviated bore, said apparatus comprising:

a tubular outer member having gripping means for selectively engaging the wall of a bore to restrain the member against rotation and including an offset portion for rotatably supporting a drill bit;

an inner member located within the outer member and for coupling to the drill bit at one end and to a drill string at another end;

wherein the apparatus has a first configuration in which the gripping means is retracted and the inner member is coupled to the outer member such that rotation of the drill string provides for corresponding rotation of the inner and outer members, and a second configuration in which the gripping means is extended and the inner member is rotatable relative to the outer member such that the outer member is restrained from rotation in the bore and rotation of the drill string provides for corresponding rotation of the inner member and the drill bit,

and wherein the inner member is moveable in at least one of an axial and rotatable direction relative to the outer member to reconfigure the apparatus.

85. (New) A drilling apparatus as claimed in claim 84, wherein the offset portion is rotatably mounted within a portion of the outer member and is rotatable relative thereto between a first position and a second position.

86. (New) A drilling apparatus as claimed in claim 85, wherein the offset portion is axially fixed relative to said portion of the outer member.

87. (New) A drilling apparatus as claimed in claim 84, wherein rotation of the offset portion between said first and second positions occurs in response to axial movement of the inner member with respect to said portion of the outer member.

88. (New) A drilling apparatus as claimed in claim 84, wherein the offset portion has an axis of rotation disposed at an angle from an axis of rotation of said portion of the outer member.

89. (New) A drilling apparatus as claimed in claim 85, wherein the drill bit is rotatably located relative to a lower end face of the offset portion, which lower end face is inclined from a lateral axis of the offset portion such that, in the first rotational position, the inclination of the end face is negated by the angle of offset of the axis of rotation, resulting in the end face of the offset portion being positioned substantially parallel to an end face of said portion of the outer member.

90. (New) A drilling apparatus as claimed in claim 89, wherein, in the second rotational position, the effect of the inclination of the end face in combination with the angle of offset of the rotational axis of the offset portion results in the end face of the offset portion being inclined relative to the end face of said portion of the outer member.

91. (New) A drilling apparatus as claimed in claim 85, wherein, when the offset portion is in a first rotational position, the drill bit will be coaxially aligned with said portion of the outer member, and when the offset portion is in a second position, the drill bit will be coaxially misaligned.

92. (New) A drilling apparatus as claimed in claim 85, wherein, in the first configuration of the apparatus, the drill bit is coaxially aligned with said portion of the outer member, and in the second configuration, the drill bit is coaxially misaligned.

93. (New) A drilling apparatus as claimed in claim 84, wherein the inner member includes an elongate drive member which extends through at least a portion of the outer member.

94. (New) A drilling apparatus as claimed in claim 93, wherein an upper portion of the inner member is adapted for coupling to the drill string, with a lower portion of the inner member adapted for coupling to the drill bit, the elongate drive member rotatably coupling the lower portion of the inner member and the drill bit.

95. (New) A drilling apparatus as claimed in claim 93, wherein the drive member is flexible, to accommodate different relative orientations of the offset.

96. (New) A drilling apparatus as claimed in claim 93, wherein the drive member is axially moveable relative to at least one of the lower portion of the inner member and drill bit.

97. (New) A drilling apparatus as claimed in claim 93, wherein the drive member and at least one of the inner member and drill bit define a cooperating profile to provide rotational coupling while permitting relative axial movement.

98. (New) A drilling apparatus as claimed in claim 97, wherein the drive member has a hexagonal section, and the inner member or drill bit defines a cooperating hexagonal bore.

99. (New) A drilling apparatus as claimed in claim 84, wherein the inner member is coupled to the outer member by engagement of at least one pin mounted on one of the inner and outer members, with at least one complementary profiled path in the other of said inner and outer members.

100. (New) A drilling apparatus as claimed in claim 84, wherein the inner member is coupled to the outer member by engagement of at least one pin on the outer surface of the inner member with at least one complementary profiled path or track on an inner surface of the outer member.

101. (New) A drilling apparatus as claimed in claim 84, wherein the apparatus is arranged such that in a first configuration, the relative rotational orientation of the inner and outer members is predetermined.

102. (New) A drilling apparatus as claimed in claim 84, wherein the first configuration may be attained when the apparatus is lifted off bottom.

103. (New) A drilling apparatus as claimed in claim 84, wherein the second configuration is attained with weight applied to the apparatus.

104. (New) A drilling apparatus as claimed in claim 84, wherein the apparatus is adapted to move between configurations sequentially, in response to the application and lifting of weight to and from the apparatus.

105. (New) A drilling apparatus as claimed in claim 84, wherein the gripping means are weight actuated such that the gripping means is extended and retract in response to weight being applied to or lifted from the apparatus.

106. (New) A drilling apparatus as claimed in claim 84, wherein the gripping means comprises radially moveable members.

107. (New) A drilling apparatus as claimed in claim 84, wherein the gripping means is biased towards the retracted position.

108. (New) A method of directional drilling utilising the apparatus as described in claim 84.